

Fast Facts about California Small Business

Compiled by: Assembly Committee on Jobs, Economic Development, and the Economy
V. Manuel Perez, Chair

Small businesses play an essential role in California's regional economies and industry clusters, generating an annual payroll of \$198.7 billion in 2006, 31% of all payroll generated by private firms in California.¹ Definitions of small business often vary by country and industry. Sometimes it is defined by number of employees and in other cases defined by gross receipts and other financial data.

California Economy

- California's gross state product was \$1.8 trillion in 2008, as compared to the United States with an estimated gross domestic product (GDP) of \$14.1 trillion.²
- California's gross state product ranked it as the 8th largest economy in the world in 2008.³
- California had a labor force of 18.3 million people in 2009⁴. The unemployment rate is 13% in March 2010 (not seasonally adjusted).⁵
- California has nine economic regions, including Northern California, Northern Sacramento Valley, Greater Sacramento, Bay Area, Central Coast, San Joaquin Valley, Central Sierra, Southern California, and Southern Border.
- California ranks 4th among 50 states in State Science and Technology Index. The index ranks states based on research and development dollars, number of patents issued, venture capital investment, and business starts.⁶
- California ranks 1st among 50 states for patents issued in 2009 when 23,354 patents were granted out of 95,037 in the total US.⁷
- California ranks 1st in start-ups and 1st in new branches in high-tech manufacturing.⁸

Small Business Facts in the United States

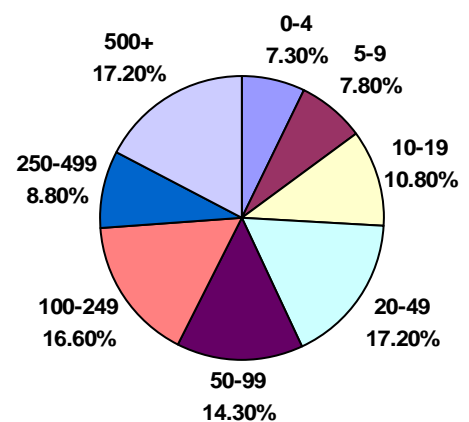
- In 2006, there are 5.9 million small businesses (employees 1-99) in the United States, constituting 97% of all private firms.⁹
- In California, Florida, and New York in 2006, small businesses (employees 1-99) consist of 97.4% of all private firms, the highest percentage compared to other states.¹⁰
- In 2006, small businesses (employees 1-99) in the United States employ 42.8 million employees, 35.7% of all private-sector employees.¹¹
- In the Construction sector, small businesses (employees) compose 98.9% of all private firms, the highest percentage compared to other industries in 2006.¹²

Businesses Without Employees in the United States

- There are 20.8 million businesses without employees in the United States in 2006, with total receipts of \$970.4 million.¹³
- The Professional, Scientific, and Technical Services sector has the biggest number (2.9 million) of businesses without employees compared to other sectors.¹⁴

Small Business Facts in California

- Among all private sector employers in California in 2006, 700,000 (97.4%) are small employers (employees 1-99).¹⁵
- Small employers (employees 1-99) employ 37% of the state's all private-sector paid employees and paid 31.34% of the state's all private sector payrolls in 2006.¹⁶
- Shown right is a pie chart of distribution of jobs by employee size in 2006.¹⁷
- Change by years (from year 1991 to 2006):



- The number of small businesses (employees 1-99) increases from 610,000 to 700,000.¹⁸
- The number of paid employees from small businesses (employees 1-99) increases from 4.5 million to 5.1 million, but its percentage of the total private-sector paid employees decreases from 40.6% to 37%.¹⁹
- Below is a table of business growth by employee size from 2001 to 2006.²⁰

Business Growth by employee size									
No. of Employees	0-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1,000+
Growth of Jobs	24.6%	9.5%	8.5%	6.1%	2.5%	6.1%	1.2%	9.4%	5.2%
Growth of Firms	34.5%	9.6%	8.3%	6.6%	2.8%	5.6%	1.1%	8.1%	4.7%

Source: California Economic Profile: A Statewide Overview & Regional Analysis

• Comparison by industry sectors:

- 14.6% of all small businesses (employees 1-99) are in the Professional, Scientific & Technical Services sector in 2006, which is the highest percentage.²¹
- In Real Estate & Rental & Leasing sector, small businesses (employees 1-99) consist of 98.3% of all the firms, which is the highest percentage among all sectors in 2006.²²
- 11.9% of all small business (employees 1-99) employees are working in the Accommodation & Food Services sector in 2006, which is the highest percentage.²³
- In Construction sector, small businesses (employees 1-99) employ 60.1% of all employees, which is the highest percentage among all sectors in 2006.²⁴

Businesses Without Employees in California

- In 2006 there are 2.6 million businesses without employees in California, with total receipts of \$144.4 million.²⁵
- The Professional, Scientific, and Technical Services sector has the biggest number (460,000) of businesses without employees.²⁶

Small and Micro Business Lending in California

- In 2007, the number of Micro Business Lending (under \$100,000) in California is 1.9 million, and the total dollar amount is \$20.3 billion. In comparison, the number of Micro Business Lending (under \$100,000) in the United States in 2007 is 14.3 million, and the total dollar amount is \$92.9 billion.²⁷
- In 2007, the number of Small Business Lending (\$100,000-\$1,000,000) in California is 45,000, and the total dollar amount is \$16.9 billion. In comparison, the number of Small Business Lending (\$100,000-\$1,000,000) in the United States in 2007 is 930,000, and the total dollar amount is \$233.9 billion.²⁸

Other Features About Small Businesses in California

- In 2002, 1.6 million small businesses (employees 1-499) are male-owned, twice those of women-owned, and a 20.4% increase from 1997²⁹.
- Also in 2002, 430,000 small businesses (employees 1-499) are Hispanic-owned, 370,000 are Asian-owned, 110,000 are African American-owned, 38,000 are native American/Alaskan-owned and 7,000 are Hawaiian and Pacific Islander-owned³⁰.
- Below is a table of net job change by size of employees from 2002 to 2005 in the non-farm sectors.³¹

Net Job Change by Employee Size from 2002 to 2005 in Non-farm Sectors								
	Total	1-4	5-9	10-19	20-99	100-499	<500	500+
2004 - 2005	127,469	128,749	25,006	6,843	-32,781	-16,130	111,687	15,782
2003 - 2004	270,165	121,415	31,681	13,293	-10,217	-4,192	151,980	118,185
2002 - 2003	135,477	146,480	34,684	19,286	39,267	-8,130	231,587	-96,110

Source: Small Business Administration: California Small Business Profile

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- ¹ <http://www.census.gov/epcd/susb/2006/ca/CA--.HTM> Accessed 2-24-2009
 - ² <http://www.bea.gov/bea/regional/gsp> Accessed 4-26-10
 - ³ <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf> Accessed 4-26-10
 - ⁴ http://www.dof.ca.gov/HTML/FS_DATA/STAT-ABS/Statistical_Abstract.php Accessed 4-26-10
 - ⁵ <http://www.bls.gov/news.release/laus.nr0.htm> Accessed 4-26-10
 - ⁶ <http://www.milkeninstitute.org/tech/tech.taf> Accessed 2-24-09
 - ⁷ http://www.uspto.gov/web/offices/ac/ido/oeip/taf/cst_all.pdf Accessed 4-26-10
 - ⁸ http://www.gcx-online.com/gcx/article.asp?magarticle_id=601 Accessed 2-14-09
 - ⁹ <http://www.census.gov/epcd/susb/2006/us/US--.HTM> Accessed 2-24-2009
 - ¹⁰ <http://www.census.gov/epcd/susb/2006/us/US--.HTM> Accessed 2-24-2009
 - ¹¹ <http://www.census.gov/epcd/susb/2006/us/US--.HTM> Accessed 2-24-2009
 - ¹² <http://www.census.gov/epcd/susb/2006/us/US--.HTM> Accessed 2-24-2009
 - ¹³ <http://www.census.gov/epcd/nonemployer/2006/us/US000.HTM> Accessed 2-24-2009
 - ¹⁴ <http://www.census.gov/epcd/nonemployer/2006/us/US000.HTM> Accessed 2-24-2009
 - ¹⁵ <http://www.census.gov/epcd/susb/2006/ca/CA--.HTM> Accessed 2-9-2009
 - ¹⁶ <http://www.census.gov/epcd/susb/2006/ca/CA--.HTM> Accessed 2-9-2009
 - ¹⁷ http://www.labor.ca.gov/panel/pdf/2008_California_Economic_Profile.pdf Accessed 2-25-2009
 - ¹⁸ <http://www.census.gov/epcd/susb/2006/ca/CA--.HTM> Accessed 2-9-2009
 - ¹⁹ <http://www.census.gov/epcd/susb/2006/ca/CA--.HTM> Accessed 2-9-2009
 - ²⁰ http://www.labor.ca.gov/panel/pdf/2008_California_Economic_Profile.pdf Accessed 2-25-2009
 - ²¹ <http://www.census.gov/epcd/susb/2006/ca/CA--.HTM> Accessed 2-24-2009
 - ²² <http://www.census.gov/epcd/susb/2006/ca/CA--.HTM> Accessed 2-24-2009
 - ²³ <http://www.census.gov/epcd/susb/2006/ca/CA--.HTM> Accessed 2-9-2009
 - ²⁴ <http://www.census.gov/epcd/susb/2006/ca/CA--.HTM> Accessed 2-9-2009
 - ²⁵ <http://www.census.gov/epcd/nonemployer/2006/ca/CA000.HTM> Accessed 2-24-2009
 - ²⁶ <http://www.census.gov/epcd/nonemployer/2006/us/US000.HTM> Accessed 2-24-2009
 - ²⁷ <http://www.sba.gov/advo/research/2007.html> Accessed 2-25-2009
 - ²⁸ <http://www.sba.gov/advo/research/2007.html> Accessed 2-25-2009
 - ²⁹ <http://www.sba.gov/advo/research/profiles/> Accessed 2-4-2009
 - ³⁰ <http://www.sba.gov/advo/research/profiles/> Accessed 2-4-2009
 - ³¹ <http://www.sba.gov/advo/research/profiles/> Accessed 2-4-2009